



# COMMONWEALTH of VIRGINIA

Virginia Employment Commission

703 East Main Street

Dolores A. Esser  
Commissioner

Post Office Box 1358  
Richmond, Virginia 23218-1358

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Contact: William F. Mezger, Chief Economist  
Economic Information Services Division  
(804) 786-5669 or (804) 786-7496

## Summary Analysis of Virginia 2006 and 2005 Benchmark Revisions of Nonagricultural Employment and Unemployment in February 2007

**—Benchmark revisions reveal 2006 annual job growth of 61,800, or 1.7 percent, is virtually identical to the Virginia Employment Commission/Global Insight preliminary projections—**

**RICHMOND**—The annual benchmark revisions to the unemployment insurance tax records reveal Virginia added an average 61,800 new jobs in 2006 for a 1.7 percent job growth rate. The 2006 job creation level was almost identical to the projected 62,600, or 1.7 percent, level recently published in the Virginia Employment Commission's (VEC's) *Economic Assumptions for the United States and Virginia*. The projections had been made for the VEC by Global Insight using the VEC's monthly preliminary nonfarm employment estimates as a basis. The revisions show a nonagricultural employment average (on a place of work basis) of 3,726,200 in 2006. Nonfarm payroll employment in the U.S. is now expected to have grown 1.9 percent in 2006 because of very substantial upward benchmark revisions in some very large states (185,000+ jobs in California and 100,000+ jobs in Texas).

Revisions of Virginia figures for the final months of 2005 show a 3,800 lower nonfarm employment average of 3,664,400 for 2005 versus the initially reported 3,668,200 job average at benchmark time one year ago. The decrease was due to more complete data on the weak 2005 holiday sales season. In 2005, Virginia added 80,500 jobs for a 2.2 percent growth rate while the nation had a 1.7 percent rate of job gain.

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(804) 786-1485

VRC/TDD 1 (800) 828-1120  
Equal Opportunity Employer/Program

E-Mail [vec@vaworkforce.com](mailto:vec@vaworkforce.com)



## **Industry Growth**

*(using the North American Industry Classification System [NAICS]  
instituted nationwide with 2002 benchmarks in 2003)*

Virginia's best 2006 individual industry job gain, as usual, was in professional and business services, which added 21,300 jobs, or 3.5 percent, to an average of 627,400. This industry continues to generate the most new jobs in Virginia (just over one-third of all jobs created [34.5 percent]), most of which have high-skill requirements and pay a high wage. (The average weekly wage in Virginia for professional and technical service workers was \$1,455 in Second Quarter 2006, the latest quarter for which wage data is available.) The best subsector gainers were computer systems software design, up 7,800, or 7.1 percent; administrative and support services, up 3,500, or 1.7 percent; and professional management of companies, up 1,500, or 2.0 percent.

The second-largest employment increase was in the total government category, which grew 12,300 jobs, or 1.9 percent, to a 2006 average job level of 674,200. The biggest subsector gain was in local government, up 7,100, or 2.0 percent, to 367,800 and was mostly in education. State government, which also experienced growth at state colleges, was up 3,400, or 2.3 percent, to 152,800. The federal government civilian employment level of 153,600 added 1,800 workers, or 1.2 percent, most of this being defense-related.

Private education and health care grew by 11,200 jobs, or 2.9 percent, to a 2006 average of 404,700. The largest increases were in the health care field as an affluent aging population needs and demands more and better health services. Physicians' and dentists' private practices, up 5,100, or 4.3 percent; private social assistance, up 2,700, or 6.3 percent; and nursing care facilities, up 1,600, or 2.7 percent, registered the best gains. Employment at private schools and colleges grew 1,200, or 1.5 percent.

In spite of widely fluctuating fuel prices, the leisure and hospitality sector in Virginia added 8,700 jobs, or 2.6 percent, to an average employment level of 338,100. The inconvenience of flying and high fuel prices made Virginia attractions popular destinations to travelers from the nearby populous Northeast.

Wholesale and retail trade employment expanded this year by 7,500 jobs, or 1.4 percent, to an average of 543,200. Merchants in most all subsectors added some workers.

Construction employment set records for each month of the year up until the fourth quarter when the declining demand for new homes became apparent. Even with home building trailing off, construction employment in Virginia set a record all-time high employment average for 2006 of 249,400 and saw job growth of 5,800, or 2.4 percent. Very strong commercial construction activities and last-minute preparations for the 2007, 400<sup>th</sup> Anniversary Jamestown celebration kept the building numbers high in 2006.



Finance, insurance, and real estate experienced net gains of 3,200, or 1.7 percent, to an average of 195,700. The increases were all in the various finance and insurance subsectors. Real estate employment averaged 58,600 in 2006, the same as in 2005 with growth in commercial real estate offsetting reductions in the residential side of the industry.

Miscellaneous services added 600 jobs, or 0.3 percent, to a 2006 average of 181,600. All subsectors saw some gains.

Virginia mines saw 600 jobs added in 2006 for an employment average of 11,300, which was 5.6 percent above the 2005 average employment level. Fluctuating oil prices were creating a demand for Virginia coal among industrial energy users.

**NONFARM EMPLOYMENT IN VIRGINIA**  
(using NAICS categories)  
numbers in thousands of jobs

Industry	2006 Average	2005 Average	Change	
			Number	Percent
<b>Total Nonfarm Jobs</b>	3,726,200	3,664,400	+61,800	+1.7
<b>Mining</b>	11,300	10,700	+600	+5.6
<b>Construction</b>	249,400	243,600	+5,800	+2.4
<b>Manufacturing</b>	288,700	295,800	-7,100	-2.4
<b>Trade</b>	543,200	535,700	+7,500	+1.4
<b>Transportation, Warehousing, and Utilities</b>	119,800	121,400	-1,600	-1.3
<b>Information</b>	92,000	92,700	-700	-0.7
<b>Finance, Insurance, and Real Estate</b>	195,700	192,500	+3,200	+1.7
<b>Professional and Business Services</b>	627,400	606,100	+21,300	+3.5
<b>Private Education and Health Services</b>	404,700	393,500	+11,200	+2.9
<b>Leisure and Hospitality Services</b>	338,100	329,400	+8,700	+2.6
<b>Miscellaneous Services</b>	181,600	181,000	+600	+0.3
<b>Total Government</b>	674,200	661,900	+12,300	+1.9
<b>Federal Government</b>	153,600	151,800	+1,800	+1.2
<b>State Government</b>	152,800	149,400	+3,400	+2.3
<b>Local Government</b>	367,800	360,700	+7,100	+2.0

*Totals may not add due to rounding.*

Only three major Virginia employment sectors—information; transportation, warehousing, and utilities; and manufacturing—averaged lower employment levels in 2006 than in 2005.

Information industry employment, at 92,000, was 700, or 0.7 percent, below its 2005 employment average with all of the loss being in the still volatile telecommunications subsector.

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Transportation, warehousing, and utilities employment averaged 1,600, or 1.3 percent, lower in 2006 at a level of 119,800. Much of the reduction came from airline contractions early in the year.

Virginia continued to lose manufacturing employment with the 2006 reduction of 7,100, or 2.4 percent, being accelerated by textile mill closings all year and reduced demand for vehicle- and housing-related goods in the last half of the year. The factory employment average in 2006 was 288,700, down from 295,800 in 2005. The loss of major textile mills, like Dan River Mills in Danville, plummeted nondurable goods employment 7,300, or 5.8 percent, to a 2006 average of 118,400. Durable goods manufacturing managed to show a small net gain for 2006 of 300, or 0.2 percent, to an average of 170,400. Durable goods orders in the first-half of the year were able to slightly offset the slump in the sales of vehicle- and housing-related items the last-half of the year.

## Metropolitan and Small Area Employment Changes

Virginia's ten metropolitan areas had a net nonfarm job gain of 61,300 for a 1.9 percent 2006 average growth rate. The remaining nonmetropolitan rural areas added only 500 jobs, or 0.1 percent, bringing employment in the nonmetropolitan part of the state to 434,500, up slightly from 434,000 in 2005. Generally, the rural areas in the upper part of the state (the rural areas above Interstate 64) added workers while the rural areas below Interstate 64 generally saw some job loss.

The three largest metropolitan areas—Northern Virginia, Virginia Beach-Norfolk-Newport News, Virginia/North Carolina, and Richmond—saw a combined 47,300 jobs added, or 76.5 percent, of the 2006 statewide job creation. Northern Virginia continued to create the most jobs—30,500—and provided almost half (49.4 percent) of Virginia's 2006 job growth. Three smaller metropolitan areas had very strong job growth rates in 2006. They were: Harrisonburg, up 5.3 percent; Winchester, Virginia/West Virginia, up 5.2 percent; and Charlottesville, up 4.2 percent. In addition to the above three areas, three other metropolitan areas had faster percentage job growth rates than the statewide 1.7 percent rate of gain. They were: Northern Virginia, up 2.4 percent; Lynchburg, up 2.2 percent; and Roanoke, up 2.1 percent. Only the Danville area, which lost a net 2,100 jobs, or 4.8 percent, experienced a reduction.

- **Harrisonburg**—up 5.3 percent, or 3,200, to 64,100. The Harrisonburg area showed up much stronger after benchmark revisions than before. Most of the growth was in the private service-providing industries, up a net 3,300 jobs, or 9.6 percent, publishable of which was a 900, or 7.3 percent, gain in trade/transportation. Much of this private service-related industry employment base was to provide support for the large James Madison University state government complex. The total government sector also added a net 200 jobs for a 2.0 percent rate of gain. Manufacturing employment remained negative with a 600, or 5.0 percent loss; and this was the reason for the 300, or 1.8 percent, reduction in the goods-producing combination of mining, construction, and manufacturing.



- **Winchester, Virginia/West Virginia**—up 5.2 percent, or 2,900, to 55,300. The Winchester area also came out stronger after the latest benchmarking with the private service-providing industries, up a net 2,600, or 7.5 percent, accounting for most of the growth. Publishable in the private service-providing industries was a 500, or 4.2 percent, increase in trade/transportation. Total government employment grew 300, or 4.2 percent. The goods-producing combination of mining, construction, and manufacturing was unchanged at 13,700. The slump in vehicle- and construction-related manufacturing the last-half of 2006 proved not quite as severe as had been shown in the original estimates.
- **Charlottesville**—up 4.2 percent, or 4,000, to 98,900. The Charlottesville area was showing strong growth both before and after the benchmarking. Area nonfarm employment also topped the 100,000 mark for the first time during the final four months of 2006. The best growth was 2,600 jobs, or 4.7 percent, in the private service-providing industries. Publishable private service industry gains were 900, or 8.7 percent, in professional/business services; 400, or 3.9 percent, in leisure/hospitality; and 300, or 2.2 percent, in trade/transportation. The total government sector, which includes the large University of Virginia and Blue Ridge Hospital state government complex, added 900 jobs for a 3.1 percent gain. Much of the service industry growth in this area is to provide support to the dominant University/hospital complex. The goods-producing combination of mining, construction, and manufacturing added 500 jobs for a 4.5 percent rate of gain.
- **Northern Virginia**—up 2.4 percent, or 30,500, to 1,294,200. Northern Virginia continues to provide the most jobs on a numerical basis and in 2006 accounted for almost half (49.4 percent) of all the jobs created in Virginia. The leader in this job creation is the area's professional/business service sector, up 13,700, or 4.3 percent. Northern Virginia professional/business services alone accounts for 22.2 percent of Virginia's job growth. Total government employment in this region was up 5,100, or 2.5 percent. Other good gains were 4,800, or 7.6 percent, in miscellaneous services; 3,900, or 3.5 percent, in private education/health care; 3,300, or 3.6 percent, in construction (even with the home building slump); 1,400, or 1.3 percent, in leisure/hospitality; and 1,000, or 1.5 percent, in finance. Manufacturing added 400 jobs for a 1.4 percent increase. Trade/transportation was negative by 1,300 jobs, or 0.6 percent, because of airline cuts early in the year; and information was down 1,900 jobs, or 3.5 percent, because of telecommunications losses.
- **Lynchburg**—up 2.2 percent, or 2,300, to 107,500. All sectors were positive. There was net growth of 1,700 jobs, or 2.2 percent, in the service-providing industries, publishable of which were 200 each in trade/transportation and total government. The goods-producing combination of mining, construction, and manufacturing added 700 jobs for a 2.7 percent net gain. Manufacturing had a publishable 200 increase.



- **Roanoke**—up 2.1 percent, or 3,300, to 162,500. The Roanoke area's best increase was 1,500, or 7.3 percent, in professional/business services. Other gains were 800 in trade/transportation 500 in manufacturing; 400 in private education/health care; and 300 each in leisure/hospitality and total government. There were losses of 400 in miscellaneous services and 200 in finance.
- **Richmond**—up 1.7 percent, or 10,700, to 626,400. The Richmond area job growth rate of 1.7 percent was the same as the statewide rate of job increase. The Richmond area's best job gain was 3,800, or 5.6 percent, in private education/health care as this area more and more becomes an education and health care center for the upper South. Also good were increases of 2,200, or 2.4 percent, in professional/business services; 1,800, or 1.6 percent, in trade/transportation; 1,600, or 3.2 percent, in leisure/hospitality; and 1,200, or 2.7 percent, in construction. There were also additions of 500 in finance, 300 in total government, 200 in information, and 100 in miscellaneous services. There was a reduction of 1,000, or 2.2 percent, in manufacturing.
- **Virginia Beach-Norfolk-Newport News, Virginia/North Carolina**—up 0.8 percent, or 6,100, to 766,900. Virginia's second-largest metropolitan area showed less growth with the benchmarks than the preliminary estimates had indicated because of factory and home building losses late in the year. The leisure/hospitality industry had the best gain, up 2,700 jobs, or 3.3 percent, as it prepared for Jamestown 2007. Private education/health care was up 2,100 jobs, or 2.5 percent; trade/transportation grew by 1,000 jobs, or 0.7 percent; and total government added 1,000 jobs, or 0.7 percent. Smaller increases were 700 in finance; 400 in professional/business services; 300 in information; and 200 in construction. There were losses of 700 in miscellaneous services and 1,700, or 2.8 percent, in manufacturing because of reduced vehicle production.
- **Blacksburg-Christiansburg-Radford**—up 0.6 percent, or 400, to 71,700. The increase was a net 700 gain in the service-providing industries, publishable of which was a 400 addition in total government that includes the Virginia Tech/Radford University complex. In the goods-producing combination of mining, construction, and manufacturing, there was a 300 net reduction caused by factory cutbacks late in the year in the vehicle- and housing-related industries.
- **Danville**—down 4.8 percent, or 2,100, to 41,300. Danville had the only reduction in its average nonfarm employment base among Virginia's ten metropolitan areas, because of a 2,300, or 19.2 percent, drop in its net goods-producing employment caused by a 2,200, or 22.2 percent, loss in manufacturing, due largely to textile mill closings. There was a slight 200 net gain in the service-providing industries, but there was no change in either of the publishable sectors of trade/transportation and total government.

*Note: Because of nonreportability due to disclosures and inadequate sample sizes and rounding to the nearest 100, subsectors often do not add to totals.*



## METROPOLITAN AREAS

	2006 Average Employment	2005 Average Employment	Change	
			Number	Percent
<b>Blacksburg-Christiansburg-Radford</b>	71,700	71,300	+400	+0.6
<b>Charlottesville</b>	98,900	94,900	+4,000	+4.2
<b>Danville</b>	41,300	43,400	-2,100	-4.8
<b>Harrisonburg</b>	64,100	60,900	+3,200	+5.3
<b>Lynchburg</b>	107,500	105,200	+2,300	+2.2
<b>Northern Virginia</b>	1,294,200	1,263,700	+30,500	+2.4
<b>Richmond</b>	626,400	615,700	+10,700	+1.7
<b>Roanoke</b>	162,500	159,200	+3,300	+2.1
<b>Virginia Beach-Norfolk-Newport News, Virginia/North Carolina</b>	766,900	760,800	+6,100	+0.8
<b>Winchester, Virginia/West Virginia</b>	58,200	55,300	+2,900	+5.2
<b>Total for Ten Metropolitan Areas</b>	3,291,700	3,230,400	+61,300	+1.9
<b>Remaining Rural Area Totals</b>	434,500	434,000	+500	+0.1
<b>Total for State</b>	3,726,200	3,664,400	+61,800	+1.7

## Unemployment

Unemployment in Virginia after the annual benchmarking averaged 3.0 percent for 2006, even better than the 3.1 percent initially reported in the preliminary estimates in January 2007. The 3.0 percent Virginia average 2006 unemployment rate was 0.5 percentage point below the 3.5 percent average unemployment rate for 2005 and was the lowest average rate in six years, since the 2.3 percent average in 2000. The 2.3 percent Virginia average unemployment rate in 2000 was the best annual average rate ever recorded in Virginia since figures have been kept, starting in 1950. The 2006 Virginia 3.0 percent average unemployment rate has only been bettered nine times in the 57 years since records have been kept. They were: 2.6 percent in 1952; 2.7 percent in 1953; 2.7 percent in 1966; 2.8 percent in 1967; 2.7 percent in 1968; 2.7 percent in 1969; 2.8 percent in 1998; 2.7 percent in 1999; and 2.3 percent in 2000.



The 2006 Virginia average unemployment rate was well below the 2006 U.S. average unemployment rate of 4.6 percent. In 2006, the number of unemployed workers in Virginia averaged 119,600—16,800 below the 2005 average of 136,400. The state's civilian labor force averaged just shy of 4,000,000 at 3,998,600 in 2006—76,600 more individuals than the 2005 civilian labor force average of 3,922,000,

*Note: Revised average 2006 nonagricultural employment is not yet available below the metropolitan area level; and revised 2006 metropolitan area, county, and city unemployment data will not be available until early May 2007.*

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